Below are frequently asked questions about the new NHQ-directed consolidation of unit finances at the wing level. The Virginia Wing was the first in the country to do such a consolidation. South Carolina and several other wings are next in line to implement this consolidation by 1 October 2006. Over the next several years, all squadrons in all wings will have consolidated finances.

The initial reaction of squadrons to this idea has been mixed. The final form of this consolidation will come together over time as squadrons tell us what works and what needs to be improved so that the consolidation will not interfere with the orderly operation of the squadron on a day to day basis. Squadrons like and should have a certain degree of independence in the midst of regulations and policies that come from wing , region or national. We will need to find a balance that benefits and strengthens the squadron, enabling the squadron to fulfill the CAP missions. Nationally we operate as one body, with uniform standards to benefit CAP members and those we serve in our communities. Give us your feedback. Tell us your concerns. We will weave this into something that benefits all of us.

What does this mean?

It means the Wing will act as "banker" for each unit, handling deposits, payments, and reporting to National HQ on behalf of the units. Units will no longer have to operate their own checking accounts.

Why is this being done?

CAP Corporate continues to receive a "qualified" audit because squadrons have never been included in the national audit. Although unit accounting is reported, it isn't physically audited by an outside firm. A "qualified" audit can cause problems obtaining credit, maintaining a good credit rating, receiving grants, etc.

Another issue is since every unit in CAP, at every level, uses the same EIN, units which have financial issues with bounced checks and overdrawn accounts affect the standing of every other unit, most of whom use good financial practices. This program greatly reduces that risk by eliminating unit-level accounts.

This program is an effort to receive an "unqualified" audit. Wings do receive outside audits, so including unit accounting in the Wing's books will accomplish that goal.

Does every unit have to participate?

Yes, NHQ has made the program mandatory for SCWG and all SCWG units. It is being instituted in three phases over a three-year period, with SCWG being in Phase I beginning with FY07 (1 Oct 06).

Who controls unit funds?

The units will control their own funds in terms of decision-making. Although they will no longer have a physical bank account, they will have full discretion over how their own funds are used, and Wing may not tell them they can't spend money on any particular item. This means that units will also maintain accountability over their financial transactions.

Will we be able to keep a petty cash fund?

This is currently prohibited by CAPR 173-1, and NHQ has determined this part of the regulation will not change. In the two wings which have already instituted the program as the beta testers, this has not been a problem. As a rule, members make purchases for their unit, turn in a reimbursement request, and are paid within two weeks. NHQ expects this will also be the case in our Wing.

How will Wing know which funds belong to which unit?

Wing will maintain a checking account separate from the Wing operating account. When funds are deposited or distributed, the transactions will be "classed" to the appropriate unit. This method allows producing at any given time reports that detail each unit's activity. It is currently planned to provide each unit with a monthly report once the account has been reconciled at the end of each month (much like seeing your current bank statement). This is subject to change based on unit needs, and of course, a unit may request a report at any time.

Won't this eliminate the need for a unit Finance Officer?

Absolutely not, nor will it eliminate the oversight duties of the unit Finance Committee or Commander IAW CAPR 173-1. It will, however, free up some time required of the unit Finance Officer to write, sign, and mail payments. The Finance Officer at all levels of CAP, from a flight up to the Region, has typically been one of the hardest positions to fill because of the time involved to do the job properly. Moving a lot of the "book work" to the Wing level may help in recruiting someone to fill that position, and should certainly ease the burden on the current Finance Officer.

Units should bear in mind that the Wing Finance Officer, and ultimately, the Wing Commander, are responsible for oversight of all funds within the Wing, including unit funds. This has always been the case and will not change. Because of this, both have the right to question the use of unit funds should they encounter anything they feel requires an explanation.

How will deposits be handled?

Units will have the choice of either being provided with a supply of deposit slips for the unit account and making the deposits themselves, or forwarding their deposits to Wing HQ for deposit by the Wing Administrator. Either way, the units will still be responsible for telling Wing what the income is for. The exact details of how that will be done are being worked out. The bank to be used is First Citizens Bank & Trust of SC. There is at least one branch in each city or town we have a squadron. Exact locations can be found at http://www.fcbsc.com.

What about payments -- how can units guarantee they are made on time?

As a rule, Wing HQ processes and pays Wing-level payments within two weeks of receipt. There is no reason to believe this will change. A SCWG Form is being developed which units will use to request disbursement of their funds. One of the pieces of information will be the due date of the payment. Every effort will be made to comply and make sure that payments are made before they are required. At the same time, units should be aware of the typical processing time required at Wing for booking, printing, signing, and mailing, and not make unreasonable time requests. When possible, a two-week notice prior to the due date of a bill is requested.

How will the actual transition take place?

Although the details are still being worked out, in a very simple form it will involve ceasing all activity in the unit account as of 30 Sep 06, forwarding a check for the account balance (along with a September bank statement), and then closing the account once all activity has cleared (and forwarding all final statements to Wing). From that point on, all deposits and payments will be made out the unit account at Wing.

What are the real advantages of this program for the unit?

The units get out of the accounting and reporting business, freeing up time for other pursuits. At the same time, units still "manage" their own funds and make all decision related to how their funds are used.

Units will no longer have to provide the year-end reports by the middle of November. Since it will no longer be necessary for Wing to consolidate all the year-end activity, the report will "disappear". This also provides a considerable time savings at the Wing level.

When a financial audit is required upon a change of command, all financial activity will already be up-to-date and available to Wing for accomplishing the audit. Units will no longer have to conduct these audits, but will still be responsible for answering questions related to the use of funds, should they occur.

Some units which have fee-based checking will no longer have those fees to pay. This would include the cost associated with getting blank checks and deposit slips. Although a fairly minor cost in the overall scheme of things, it's still a savings.

What about the regulations -- aren't they currently contrary to this program?

National Finance is working on revising both the unit and wing/region finance regulations to take this program into account. Major changes will be required in both. Until that's done, National will likely issue memos and policy letters to cover the required changes. This will include changes to cover region-level finances that will now be managed by NHQ

Who will be the contact person at Wing should there be questions?

The Wing Finance Officer is responsible for oversight of the program; the actual "book work" will be done by the Wing Administrator. Contact the appropriate person based on the nature of the question.